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May 3, 2007

RECORDATION NO. 26947 FILED

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20423-0001

MAY 03 '07 -1 23 PM

SURFACE TRANSPORTATION BOARD

Re: Union Pacific Railroad Company
Memorandum of Security Agreement dated April 24, 2007

Dear Mr. Williams:

I am enclosing for recording pursuant to Section 11301 of Title 49 of the United States Code, two original copies of the Memorandum of Security Agreement dated April 24 2007, between RailPower Hybrid Technologies Corp., as debtor (the "*Debtor*"), and Union Pacific Railroad Company, as secured party (the "*Secured Party*"), a primary document as defined in the Surface Transportation Board's Rules for the Recordation of Documents.

The names and addresses of the parties to

the enclosed document are as follows:

Debtor: RailPower Hybrid Technologies Corp.
2021 Peninsula Avenue
Erie, PA 16506-2950

Secured Party: Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

The equipment covered as of the date hereof by the aforesaid Memorandum of Security Agreement consists of the following:

98 RP20BD Remanufactured Locomotives (including all materials, components and equipment in inventory for such Remanufactured Locomotives, and all such Remanufactured Locomotives being built for Secured Party that are work-in-process) bearing the reporting marks within the series UPY 2602 through UPY 2699, inclusive, all as specifically described in Exhibit A attached hereto.

Law Offices of
CHAPMAN AND CUTLER LLP

A short summary of the document to appear in the index follows:

Memorandum of Security Agreement of April 24, 2007, between RailPower Hybrid Technologies Corp., as Debtor, and Union Pacific Railroad Company, as Secured Party.

A fee of thirty-four dollars (\$34.00) is enclosed. Please time and date stamp the enclosed copy of the enclosed document along with the extra copy of this letter as proof of filing and recordation of the enclosed document and return the original and any extra copies of such document and this letter not needed by the Board for recordation to:

Robert Alvord, Esq.
Alvord and Alvord
1050 Seventeenth Street, N.W.
Suite 301
Washington, DC 20036

If you have any questions or need further information, please do not hesitate to contact the undersigned (312) 845-3429.

Sincerely,

CHAPMAN AND CUTLER LLP

By 
Patrick Vining

Enclosures

Law Offices of
CHAPMAN AND CUTLER LLP

EXHIBIT A

UNITS

EQUIPMENT	QUANTITY	REPORTING MARKS
RP20BD Remanufactured Locomotives	98	UPY 2602 through UPY 2699, inclusive

MAY 03 '07 -1 23 PM

MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

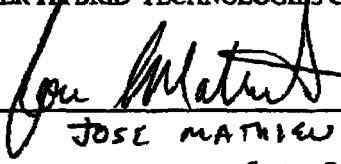
Memorandum of Security Agreement, made and entered into as of April 24, 2007, by and between Union Pacific Railroad Company, a Delaware corporation, as secured party ("*Secured Party*"), and RailPower Hybrid Technologies Corp., a Washington corporation, as debtor ("*Debtor*").

WITNESSETH:

The undersigned have entered into that certain Amendment No. 1 of November 14, 2006 (the "*Amendment*"), to the Purchase and Remanufacture Agreement and Security Agreement of October 13, 2005 (the "*Remanufacture Agreement*"), whereby Debtor has granted to Secured Party a security interest in certain railroad equipment being remanufactured for purchase by Secured Party, and bearing reporting marks as listed on Exhibit A attached hereto including all materials, components and equipment in inventory for such railroad equipment, and all such railroad equipment being built for Secured Party that are work-in-process, effective as of November 14, 2006.

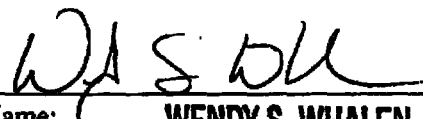
IN WITNESS WHEREOF, the parties hereto have each caused this memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written.

RAILPOWER HYBRID TECHNOLOGIES CORP.

By 
Name: JOSE MATHIEU
Title: PRESIDENT & CEO

Executed on this 24 day of April, 2007.

UNION PACIFIC RAILROAD COMPANY

By 
Name: WENDY S. WHALEN
Title: GENERAL DIRECTOR
MECHANICAL PURCHASING

Executed on this 24 day of April, 2007.

STATE OF CANADA)
PROVINCE QUEBEC) SS.:
COUNTY OF QUEBEC)

COMMISSIONER OF OATHS

On this, the 24 day of April, 2007, before me, a Notary Public in and for said County and State, personally appeared JOSE MATHIEU, who being by me duly sworn, says that (s)he is the PRESIDENT of RAILPOWER HYBRID TECHNOLOGIES CORP., that said instrument was signed on April 24, 2007, on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Name: KAMILA WIRPSA, ECR
Notary Public ACTING AS COMMISSIONER
My Commission Expires: OF OATHS
Residing in QUEBEC

(SEAL)

QUEBEC BAR NR: 194678-1

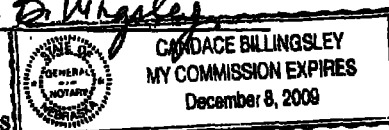
STATE OF NEBRASKA)
COUNTY OF DOUGLAS) SS.:

On this 30th day of April, 2007, before me personally appeared Neddy Whalen to me personally known, who being by me duly sworn, says that (s)he is the General Dir. of UNION PACIFIC RAILROAD COMPANY, that said instrument was signed on April 30, 2007, on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Candace M. Billingsley

Name:
Notary Public
My Commission Expires
Residing in Omaha, Nebraska



(SEAL)

EXHIBIT A

UNITS

EQUIPMENT	QUANTITY	REPORTING MARKS
RP20BD Remanufactured Locomotives	98	UPY 2602 through UPY 2699, inclusive

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

5/3/07



Robert W. Alvord